GETINGE GROUP

Q1 REPORT
JANUARY – MARCH 2016

ALEX MYERS, CEO & PERNILLE FABRICIUS, CFO

APRIL 22, 2016

GETINGE GROUP

OVERVIEW GENERAL BUSINESS

ALEX MYERS, CEO

Q1 IN BRIEF

TRANSFORMATION PROGRAM UP AND RUNNING WITH COST IMPROVEMENTS

- **Transformation program in line with plan**
  - Operationally from three business areas to one Getinge
- **Efficiency enhancements starting to show effect**
  - Lower admin and sales cost, -4,4 %
  - Savings of SEK 75-80 M from Big 5 initiatives
- **Order intake and net sales below expectations**
- **Slight improvement in Gross Margin**
- **Improved profit before tax, but lower EBITA**
- **Focus on quality**
  - Successful 3rd party certificate inspection in Atrium’s Hudson facility
  - Awaiting FDA decision on remediation plan for Hechingen

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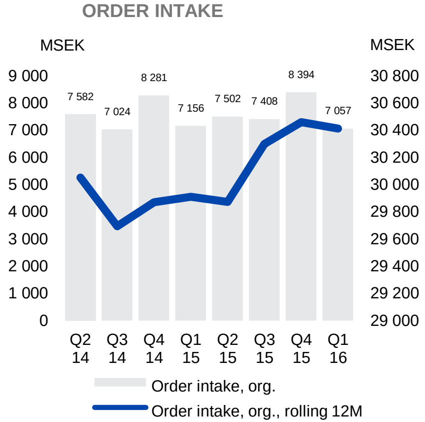
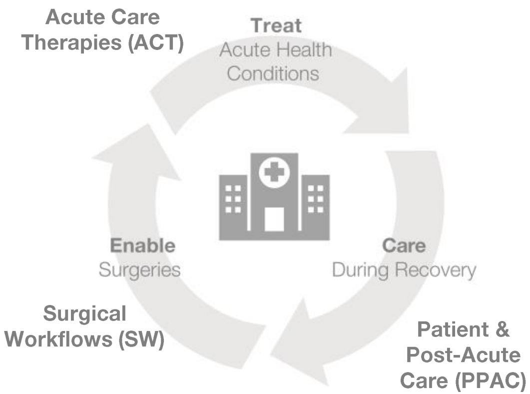
TOP LINE DEVELOPMENT

ORDERS AND SALES BELOW EXPECTATIONS

- **Order intake -2,0 % (organic)**
  - SW -4,7%, ACT, 2,0%, PPAC -4,6%
  - Strong Recurring Revenues. Weak Capital Goods performance
- **Net sales -3,2 % (organic)**
  - SW – 6,7%, ACT +0,9%, PPAC -4,9%
  - Growth in the Americas. Decline in EMEA and APAC
    - Growth: USA, Germany, China, India
    - Decline: UK, Japan, Australia, Brazil
- **Sales companies operating as one Getinge**
  - Offering the combined Getinge portfolio as of January 1st





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TRANSFORMATION PROGRAM UPDATE

TRANSFORMATION IN LINE WITH PLAN

- **New organization in place**
  - Operationally now acting as one Getinge
- **BIG 5 according to plan**
  - Savings amounted to SEK 75-80 M in Q1
- **Lower administration costs**
  - Reducing overhead cost as a consequence of tapping synergies in the organizational move towards one Getinge
- **Lower sales costs**
  - From 3 business areas to one Getinge, tapping early synergies but keeping the field organization intact
- **Positive Margin Development in Patient & Post-Acute Care**

FDA & REMEDIATION PROGRAM UPDATE

FOCUS ON IMPROVEMENT PLAN IN HECHINGEN

- **High activity and focus on Hechingen**
    - Change in leadership, task force of experts in place
    - Several initiatives ongoing and improvement plan in place
    - Revised plan awaiting decision from the FDA
- **Successful certification inspection in Hudson**
    - 3rd party certification inspection without observations
- **Remediation program provision: SEK 64 M utilized in Q1**
    - Closing balance March 31st amounting to SEK 129 M
    - Additional investments related to Hechingen not included

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OVERVIEW FINANCIALS

PERNILLE FABRICIUS, CFO

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INCOME STATEMENT

LOWER SALES COMPENSATED BY COST REDUCTIONS

- Net sales decreased by 5.0% (org. -3,2 %)
- Selling and admin expenses decreased by SEK 128 M
- EBITA before restructuring and acquisition expenses at SEK 620 M

	Q1 2016	Q1 2015
EBITA before restructuring and acquisition expenses*	**629**	**717**
Pulsion divestment		-76
Currency transaction effects	-33	
Medical device tax		27
FDA effect	35	50
EBITA before restructuring and acquisition expenses, adj*	**631**	**718**

*AC adjusted with LY divestments and LY rates

MSEK	SW	ACT	PPAC	TOTAL
Transaction currency effect, EBITA	27	0	6	33
Translation effect, EBITA	5	7	4	17
Total	**32**	**7**	**10**	**50**

- Profit before tax increased by SEK 11 M to SEK 157 M
- Quality remediation provision at SEK 129 M

MSEK	
Provision at 31.12.2015	193
Used Q1 2016	- 64
Provision at 31.12.2016	129

MSEK	**Q1 2016**	Q1 2016*	Q1 2015	Change %
Net Sales	**6 377**	6 497	6 712	-5,0%
Total Cost of Goods/Services sold	**-3 366**	-3 462	-3 570	
Gross Profit	**3 011**	3 035	**3 142**	**-4,2%**
In % of Net Sales	***47,2%***	*46,7%*	*46,8%*	*0,4%*
EBIT before restructuring and acquisition expenses	**446**	**456**	**527**	
In % of Net Sales	***7,0%***	*7,0%*	*7,9%*	*-0,9%*
EBITA before restructuring and acquisition expenses	**620**	**629**	**717**	**-13,5%**
In % of Net Sales	***9,7%***	*9,7%*	*10,7%*	*-1,0%*
Restructuring and integration costs	**- 127**	- 128	- 183	-30,6%
EBITA	**489**	497	**525**	**-6,9%**
In % of Net Sales	***7,7%***	*7,6%*	*7,8%*	*-0,1%*
EBIT	**316**	324	**335**	**-5,7%**
In % of Net Sales	***5,0%***	*5,0%*	*5,0%*	*0,0%*
Financial items	**- 159**		- 189	
Profit before tax	**157**		**146**	
In % of Net Sales	***2,5%***		*2,2%*	*0,3%*
Taxes	**- 42**		- 39	
Net profit	**115**		**107**	
In % of Net Sales	***1,8%***		*1,6%*	*0,2%*

* AC adjusted for LY divestments and LY rates

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ORDERS & NET SALES

MIXED DEVELOPMENT SEEN BY REGION AS WELL AS PRODUCT CATEGORY

Business Category Unit - Organic

Order Intake, external	Q1 2016	Q1 2015	%
Surgical Workflows	2 277	2 390	-4,7%
Acute Care Therapies	2 910	2 854	2,0%
Patient & Post- Acute Care	1 858	1 948	-4,6%
Getinge Group total	7 045	7 192	-2,0%

Net Sales, external	Q1 2016	Q1 2015	%
Surgical Workflows	1 980	2 122	-6,7%
Acute Care Therapies	2 641	2 617	0,9%
Patient & Post- Acute Care	1 876	1 973	-4,9%
Getinge Group total	6 497	6 712	-3,2%

Regional - Organic

Order Intake, external	Q1 2016	Q1 2015	%
EMEA	3 031	3 164	-4,2%
Americas	2 919	2 860	2,1%
APAC	1 095	1 168	-6,1%
Getinge Group total	7 045	7 192	-2,0%

Net Sales, external	Q1 2016	Q1 2015	%
EMEA	2 734	2 882	-5,1%
Americas	2 777	2 754	0,8%
APAC	986	1 076	-8,4%
Getinge Group total	6 497	6 712	-3,2%

Business Category Unit - Actual

Order Intake, external	Q1 2016	Q1 2015	%
Surgical Workflows	2 236	2 390	-6,4%
Acute Care Therapies	2 881	2 854	0,9%
Patient & Post- Acute Care	1 807	1 948	-7,2%
Getinge Group total	6 924	7 192	-3,7%

Net Sales, external	Q1 2016	Q1 2015	%
Surgical Workflows	1 943	2 122	-8,4%
Acute Care Therapies	2 611	2 617	-0,2%
Patient & Post- Acute Care	1 823	1 973	-7,6%
Getinge Group total	6 377	6 712	-5,0%

Regional - Actual

Order Intake, external	Q1 2016	Q1 2015	%
EMEA	2 947	3 164	-6,9%
Americas	2 909	2 860	1,7%
APAC	1 068	1 168	-8,6%
Getinge Group total	6 924	7 192	-3,7%

Net Sales, external	Q1 2016	Q1 2015	%
EMEA	2 655	2 882	-7,9%
Americas	2 755	2 754	0,0%
APAC	967	1 076	-10,2%
Getinge Group total	6 377	6 712	-5,0%

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PRODUCT SEGMENTATION

POSITIVE MARGIN DEVELOPMENT IN PATIENT & POST-ACUTE CARE

	Actual									
	Q1 2016	Q1 2015*	**Q1 2016**	Q1 2015*	**Q1 2016**	Q1 2015*	**Q1 2016**	Q1 2015*	**Q1 2016**	Q1 2015*
Segment Overview, mSEK	**Surgical Workflows**		**Acute Care Therapies**		**Patient & Post-Acute Care**		**Central Functions**		**TOTAL GETINGE GROUP**	
Order Intake, external	**2 236**	2 390	**2 881**	2 854	**1 807**	1 948			**6 924**	7 192
Net Sales, external	**1 943**	2 122	**2 611**	2 617	**1 823**	1 973			**6 377**	6 712
Cost of Goods/Services sold	**-1 231**	-1 336	**-1 175**	-1 172	**- 960**	-1 062			**-3 366**	-3 570
Gross Profit	**712**	**786**	**1 436**	**1 445**	**863**	**911**			**3 011**	**3 142**
Gross margin, %	***36,6%***	*37,0%*	***55,0%***	*55,2%*	***47,3%***	*46,2%*			***47,2%***	*46,8%*
EBITA before restructuring- and integration costs	**45**	59	**371**	460	**255**	240	**- 51**	- 42	**620**	717
EBITA margin, %	***2,3%***	*2,8%*	***14,2%***	*17,6%*	***14,0%***	*12,2%*			***9,7%***	*10,7%*
Restructuring expenses	**- 42**	- 24	**- 58**	- 68	**- 14**	- 91	**- 13**	0	**- 127**	- 183
EBITA	**3**	**35**	**311**	**383**	**241**	**149**	**- 66**	**- 43**	**489**	**525**
EBIT	**- 3**	**28**	**174**	**235**	**211**	**115**	**- 66**	**- 43**	**316**	**335**
EBIT margin, %	***-0,2%***	*1,3%*	***6,7%***	*9,0%*	***11,6%***	*5,8%*			***5,0%***	*5,0%*

* Q1 2015 only shows rows that have been recalculated into the new BCU structure in the interim report

CASH FLOW

CASH CONVERSION IMPROVED TO 75,5 %

- Operating cash flow increased by SEK 46 M in Q1 compared to LY, in total amounting SEK 700 M (+7.0%)
- Cash conversion improved from LY 69.8% to 75.5%
- Net investments down by SEK 51 M relative to LY, in total amounting SEK 360 M
- Consequently, cash flow after Net investments SEK 340 M, increased by SEK 97 M (39.9%) compared to LY

M SEK	**Q1 2016**	Q1 2015
EBITDA	**928**	937
Restructuring cost expenses	**-72**	-84
Financial items	**-159**	-189
Taxes paid	**-161**	-272
Cash flow before changes in working capital	**540**	**396**
Changes in working capital	**160**	**258**
Cash flow from operations	**700**	**654**
Cash Conversion	**75,5%**	69,8%
Cash flow from investments	**-360**	**-411**
Cash flow after net investments	**340**	**243**
Cash flow from financial activities	**319**	**1 514**
Change in net debt	**250**	-985
Cash flow for the period	**659**	**1 757**

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BALANCE SHEET

FOCUS ON NET DEBT REDUCTION

- Equity/asset ratio 36.5% (33.4%)
- Equity per share SEK 80.20 (SEK 77.95)
- Net debt, SEK 22,618 M (SEK 23,526 M)
- Net debt to equity ratio 118.3% (126.6%)
- Net debt to EBITDA before restructuring 3.90 (3.93)

Assets,	**2016**	2015
M SEK	**31-Mar**	31-Mar
Intangible assets	**26 171**	27 989
Capitalised Development Projects	**3 805**	3 589
Tangible fixed assets	**4 497**	5 047
Financial fixed assets	**1 469**	1662
Stock-in-trade	**5 570**	5 868
Accounts receivable	**6 302**	6 695
Other current receivables	**2 516**	2 680
Cash and cash equivalents	**2 056**	2 027
Total assets	**52 386**	**55 557**

Shareholders' equity & Liabilities,	**2016**	2015
M SEK	**31-Mar**	31-Mar
Shareholders' equity	**19 112**	18 577
Pension Provision	**2 944**	3 276
Other interest bearing liabilities	**21 730**	22 277
Other Provisions	**2 149**	2 570
Accounts Payable - trade	**1 728**	1999
Other non interest-bearing liabilities	**4 723**	6 858
Total Equity & Liabilities	**52 386**	**55 557**

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OUTLOOK

ALEX MYERS, CEO

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OUTLOOK

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- **Revenue growth** is deemed to be positive in 2016.
- **The financial consequences of the Consent Decree with the FDA** are expected to have a negative impact of approximately SEK 130 M on the Group's 2016 operating profit. Getinge is awaiting the FDA's decision of the remediation plan related to the production unit in Hechingen. Hence, the financial consequences could be adjusted in line with the approved plan.
- **Currency-transaction effects** are expected to have a positive impact of approximately SEK 150 M (-273) on the Group's 2016 earnings.
- **Restructuring costs for the full-year 2016** are expected to amount to approximately SEK 800 M (657).

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SUMMARY

1ST QUARTER IN THE 3-4 YEAR TRANSFORMATION PROCESS

- **Transformation program in line with plan**
- **Efficiency enhancements starting to show effect**
- **Order intake and net sales below expectations – actions taken**
- **Strong product pipeline**
- **Focus on Quality Management System**

Q&A

FORWARD LOOKING INFORMATION

This document contains forward-looking information based on the current expectations of the Getinge Group's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

THANK YOU